GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:4043
ANSWERED ON:16.12.2002
KISAN CO-ORDINATION COMMITTEE
PRABHA RAU

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Kisan Co-ordination Committee (KCC) has demanded an end to the existingpolicy of the Government for monopoly procurement of foodgrains and the removal of State controls on internal and external trade in agriculture;

(b) if so, whether the National Task Force on Agriculture (NTFA) too had maderecommendations for the entry of private sector into warehousing;

(c) if so, the details thereof;

(d) whether the Government have examined the demands of the KCC and therecommendations of NTFA with regard to the ending State monopoly on procurement and storage of foodgrains; and

(e) if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a): The Kisan Co-ordination Committee has inter-alia resolved that the Indian farmers canbecome global players if only the Indian Agriculture can be freed of coercive recoveries, the shackles of Government interventions and institutions and scrapping of monopolistic Government role and unnecessary chains of intermediaries. It further resolved that the time is opportune for restructuring the system of market support and privatizing the support mechanism through abolition of the Food Corporation of India .

(b)to(d): An inter-Ministerial Task Force on Agricultural Marketing Reforms has inter-aliasuggested that the Central Warehousing Corporation (CWC) being the premier warehousing agency at the national level, it should be the ideal institution to be classified as the Accreditation Agency. In the long run some new institution has to be established for the purpose of regulation as the players cannot be the monitors and if the Central Warehousing Corporation becomes the regulatory body, it has to go out of the warehousing field itself. The Government in consultation with the CWC may decide this issue further. The Task Force has emphasized the need to introduce in respect of agricultural commodities, a negotiable warehouse receipt system in the country, to promote warehousing receipts as a prime tool of trade and trade financing. In order to grant the status of negotiability to godown receipts, amendment to the Negotiable instrument Acts or in the alternative, enactment of a new central legislation on the pattern of The Multimodel Transportation of Goods Act, 1933 is recommended.

In respect of Minimum Support Price (MSP) policy (procurement policy), the Task Forcehas recommended to think of an alternative policy of de-linking MSP from procurement particularly if the private sector is to be restored its rightful role in the marketing of agricultural produce. The present system of procurement is recommended to be strengthened by introducing objective methods of quality assessment and giving wide publicity to FAQ norms amongst farmers.

With a view to evolve an action plan for the implementation of the reforms, and to give effect to the recommendations made by the Task Force in this regard, a Standing Committee of State Ministers has been set up on 13.11.2002 under the Chairmanship of Union Minister of State (Agriculture).

Government is implementing a Central Sector Scheme for the Construction/modernization of Rural Godowns. The projects for construction of rural godowns can be taken up by individuals, farmers, group of farmers/Growers, Partnership/ Proprietary firms, Non Government Organisations, Self Help Groups, Companies, Corporation, Co-operatives, Agro- Processing Cooperative Societies, Agricultural Produce Marketing Committees,Marketing Boards and Agro Processing Corporations in the entire country. Under the scheme, subsidy of 25% on the capital cost of construction of the godown would be provided after the completion of the project. For person belonging to SC/ST and Hilly areas and North Eastern States the quantum of subsidy is 33.33%.

(e): There is no proposal of either to scrap the existing procurement policy or to abolish the FCI and the present procurement policy would continue.